

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----120509 082248Z /64

P 081956Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0622
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 08759

USMTN

PASS STR (STARKEY) AND USDA (SAYLOR)
STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: US/JAPAN BILATERAL ON AGRICULTURE

1. SUMMARY. THE U.S. AND JAPAN HELD BILATERAL TALKS JUNE 6 TO FURTHER CLARIFY U.S. REQUESTS, OLD AND NEW, AND TO IMPRESS UPON JAPANESE NEED FOR RAPID REPRESENTATION OF IMPROVED OFFER IN AGRICULTURE. JAPANESE REPLY WAS INDEFINITE RATHER THAN NEGATIVE AND INDICATED STRONG PRESSURE AT HIGHEST LEVELS WOULD BE NECESSARY FOR RESOLUTION OF SENSITIVE ISSUES. THEY SAID THAT IT WOULD BE IMPOSSIBLE TO REPLY TO ALL REQUESTS BUT IMPLICATION WAS THAT SOME MODEST IMPROVEMENT COULD BE EXPECTED. JAPANESE DO NOT AGREE WITH U.S. POSITION THAT STRAUSS/USHIBA RESULTS ARE NOT PART OF MTN CONTRIBUTION.

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2. US DEL (KOENIG) OPENED MEETING BY EXPRESSING DISAPPOINTMENT THAT JAPANESE HAD NOT RESPONDED TO EARLY APRIL AND SUBSEQUENT US REQUEST FOR IMPROVEMENT OF THEIR OFFERS. US DEL EXPLAINED INCREASING U.S. CONGRESSIONAL SENTIMENT THAT JAPANESE ARE HOLDING UP THE NEGOTIATION BY NOT BEING FORTHCOMING AND DEMANDS THAT THEY DO SOMETHING TO INDICATE THEIR WILLINGNESS TO NEGOTIATE. JAPA-

NESE (ENDO, UENO) RESPONDED THAT PRESENTING IMPROVED OFFER BEFORE CONCLUSION OF DIET SESSION AND ANNUAL RICE PRICE DETERMINATION WOULD BE COUNTERPRODUCTIVE; THAT EVEN MINAG IN TOKYO NOT ABLE TO SAY WHEN OR TO WHAT EXTENT MODIFICATION OF OFFERS WOULD OCCUR. IN A "PERIOD OF TRANSPARENCY" SUCH ACTION WOULD IMMEDIATELY LEAK. U.S. SHOULD, HOWEVER, UNDERSTAND IMPLICATION OF REMARK THAT JAPANESE AUTHORITIES ARE CONSTANTLY CONSIDERING POSSIBILITY OF IMPROVED OFFER.

3. JAPANESE SEEMED TO INDICATE THAT MODEST IMPROVEMENT MIGHT NOT BE IMPOSSIBLE OVER A RANGE OF PRODUCT CATEGORIES, AMONG THEM BEEF, FRUITS AND VEGETABLES, VEGETABLE PROTEINS, AND WINES.

4. WITH REGARD TO CORN AND SORGHUM JAPANESE MAINTAINED THEY ARE FREELY TRADED BY SEVERAL PRIVATE COMPANIES AND ALLEGED THAT OUR REQUESTS TO BIND MARGIN OF DIFFERENCE BETWEEN WORLD AND DOMESTIC PRICE WOULD "RESTRICT COMPETITION" (SIC). THEY INDICATED THAT WHILE DOMESTIC PRICES DO NOT AUTOMATICALLY FOLLOW WORLD PRICE, THE TREND IS THE SAME, AND THAT THERE IS CURRENTLY NO GOVERNMENT MECHANISM BY WHICH TO CONTROL PRICE MARGINS. IF COLLUSION BETWEEN PRIVATE COMPANIES EXISTED, THE JAPANESE MAINTAINED, THEY WOULD USE ANTI-TRUST LAWS (SIC*).

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5. ON BEEF, JAPANESE INDICATED THAT US REQUEST FOR 10,000 MT INCREASE IN HOTEL BEEF IMPORTS PLUS GROWTH FACTOR OVER AND ABOVE STRAUSS/USHIBA RESULTS WAS UNREALISTIC. THEY STATED THAT RESULTS OF THE STRAUSS/USHIBA AGREEMENT MUST BE CONSIDERED AS A CONTRIBUTION TO THE MTN. IT WAS THEIR PRIVATE OPINION THAT THE QUOTA INCREASES RESULTING FROM STRAUSS/USHIBA AGREEMENT WOULD BE CONTINUED BEYOND JFY 78, AND THAT SOME IMPROVEMENT OVER THESE INCREASES MIGHT BE EXPECTED IN MTN OFFER, BUT NOT ALL OF WHAT US REQUESTED. (JAPANESE DEL INTERPRETATION OF STRAUSS/USHIBA RESULTS WAS THAT HOTEL QUOTA WAS INCREASED FROM 1,000 MT IN JFY'77 TO 3,000 MT IN JFY'78 PLUS AN INCREASE IN GENERAL QUOTA OF 8,000 MT, I.E. A TOTAL OF 11,000 MT OF QUALITY BEEF, NOT THE 16,800 MT INDICATED IN THE MAY 9 USDA RELEASE.)

6. JAPANESE WERE QUITE NEGATIVE ON CITRUS AND POULTRY. THEY INDICATED THE FORMER WAS EXTREMELY DANGEROUS PROBLEM FOR GOVERNING PARTY, AND THAT STRAUSS/USHIBA RESULT WAS NOT MERELY A TOKEN CONTRIBUTION TO MTN. CITRUS WAS BY FAR THE HARDEST ISSUE FOR JAPAN AND WOULD HAVE TO BE DEALT WITH AT HIGHEST LEVELS. ON POULTRY, JAPANESE DEL

INDICATED THEY HAD MADE BEST EFFORT AND THAT NO ADMINIS-
TRATIVE GUIDANCE EXISTED FOR POULTRY ITEMS.

7. WE ALSO REVIEWED A NUMBER OF OTHER IMPORTANT U.S.
REQUESTS ON WHICH THE JAPANESE MADE EITHER NO, OR ONLY
AN INSIGNIFICANT, OFFER. JAPANESE REACTION WAS IN THIS
RESPECT ALSO VERY RETICENT.

8. JAPANESE DEL AGREED TO TRANSMIT OUR REMARKS AND SENSE
OF URGENCY TO TOKYO. WE PROPOSED FURTHER BILATERAL BEFORE
JAPANESE PRESENTATION OF IMPROVED OFFER. REQUEST WASHING-
TON OR TOKYO CLARIFICATION OF JAPANESE POULTRY IMPORT
SYSTEM ASAP.

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FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0623
INFO AMEMBASSY TOKYO

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USMTN

PASS STR (STARKEY) AND USDA (SAYLOR)

STR PASS CODEL

9. DRAFTED BY HARVEY. MCDONALD

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